

~~Top Secret~~

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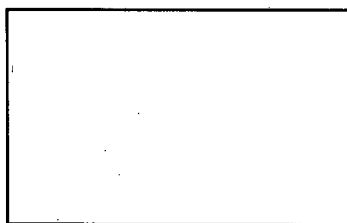
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Tuesday 28 February 1978

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ISRAEL: Negotiating Position

[] Public statements last weekend by Israeli Foreign Minister Dayan and Minister without Portfolio Landau suggest that Prime Minister Begin will find it difficult to modify his negotiating position and may adopt a hard, unyielding line during talks in Washington in mid-March.

[] In an interview, Dayan underlined the principles he thought should guide the Israeli cabinet's approach to the current peace negotiations. With studied and characteristic ambiguity, Dayan hinted that Israel might show some flexibility by saying that the government should keep an open mind and not be bound by past positions. But he also stressed that the cabinet must weigh the long-term consequences of its decisions and be prepared to stand firm in the end if necessary.

[] Landau, an old crony of Begin, was tougher and more explicit than Dayan in a speech tailored primarily for a domestic audience. He said the Israeli Government rejects the interpretation of UN Security Council Resolution 242 calling for Israeli withdrawal from all three fronts, and will not accept any statement of principles that incorporates the concept of self-determination or even hints at a referendum for the Arabs of the West Bank and Gaza. Landau also warned--as Begin has previously--that Israel reserves the right to withdraw its peace plan and propose border changes instead if its proposals are rejected.

[] Landau was probably faithfully representing Begin's own views. The Prime Minister's decision to go along with the cabinet on Sunday in imposing a temporary freeze on most settlement activity probably is only a tactical shift to appease cabinet moderates and avoid any further controversy over the settlement question before he meets with President Carter. Indeed, despite deep divisions within the cabinet over settlement policy, the moderates as well as cabinet hard-liners basically favor retaining the present settlements in the Rafah area as part of an agreement with Egypt. []

EGYPT-PALESTINIANS: Media Attack

[] Egypt's semi-controlled media continue harshly to condemn the Palestinians following the killing of Egyptian editor

Sibai in Nicosia in mid-February. Thus far, Cairo's only reprisal is Prime Minister Salim's announcement yesterday that Egypt will strip Palestinians within its borders of some special privileges they have enjoyed for over 20 years. The media, however, hint at more drastic retaliation.

[] Salim's vaguely worded announcement to the People's Assembly said Palestinians will now be treated like other Arab nationals living in Egypt, but did not spell out the legislation that will be presented to the Assembly. According to press reports, Palestinians will now have to acquire residence visas to live in Egypt.

[] Although Salim blamed Sibai's killing on rejectionists intent on sabotaging President Sadat's peace initiative, he also appeared to take a swipe at Yasir Arafat, head of the Palestine Liberation Organization. Salim accused "those who claim to lead the Palestine people" of selling out to the rejectionists.

[] Salim's remarks echo the line taken by Cairo papers in recent days. The papers argue that Arafat and the PLO must accept responsibility for Sibai's assassination if they claim to be the sole representative of the Palestinians. The press nevertheless emphasizes that Egypt will continue its struggle to secure self-determination for the Palestinian people.

[] Cairo is clearly suggesting to the PLO that it is reviewing its recognition of Arafat and its acceptance of the PLO as the sole representative of the Palestinians. We doubt, however, that Egypt is now prepared to translate these hints into action. Sadat probably would have abandoned Arafat and the PLO long ago if he had any realistic alternatives. Palestinians of stature living on the West Bank are nearly unanimous in support of the PLO; and Jordan, a possible alternative spokesman, would need a wider mandate than Egypt's to speak for the Palestinians.

[] PLO officials have responded in kind to Egypt's anti-Palestinian campaign. Last Friday Arafat accused Sadat of fomenting the campaign as an excuse to dissociate Egypt from the Palestinian cause. Arafat also charged that Sadat is joining the US in an attempt to force the Arabs to capitulate on a Middle East settlement. []